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Las Vegas home builder indicted in mortgage fraud case

By CARRI GEER THEVENOT
LAS VEGAS REVIEW-JOURNAL

A Las Vegas home builder was indicted Wednesday after federal authorities accused him of arranging to sell his houses at inflated prices as part of a scheme to "kick back" money from mortgage loans to buyers and their associates.

Paul Wagner, owner of Wagner Homes, was one of 123 defendants who were charged, convicted or sentenced in Las Vegas during Operation Stolen Dreams. The nationwide initiative, which began March 1, was a collective enforcement effort aimed at confronting mortgage fraud.

Wagner was the only builder who was prosecuted in Las Vegas as part of Operation Stolen Dreams.

Natalie Collins, a spokeswoman for the U.S. attorney's office, said Wagner previously was charged in a criminal complaint with one count of conspiracy. The federal indictment replaces the complaint.

The indictment charges Wagner with conspiracy, six counts of bank fraud and three counts of wire fraud. Collins said prosecutors also are seeking the forfeiture of \$2.7 million.

A summons was issued for Wagner, who is free on his own recognizance. He is scheduled to appear for an arraignment on Aug. 13 before U.S. Magistrate Judge George Foley Jr.

Wagner's attorney, John Momot Jr., could not be reached for comment Wednesday.

According to the indictment, Wagner conspired to commit bank fraud and wire fraud from about 2007 to about 2009.

"It was part of the conspiracy that the defendant, a home builder, arranged to sell his houses at inflated prices in order to fraudulently kick back large amounts of money from the mortgage loan to the buyers and those working with the buyers as incentives for them to buy houses," the indictment alleges.

The conspiracy involved nine Las Vegas houses, according to the document.

Michael Rawlins, a special agent with the FBI, participated in the investigation of Wagner and prepared an affidavit for the criminal complaint. Rawlins wrote the following in his affidavit:

"The investigation has disclosed that from 2005 to 2009 Wagner sold more than 100 homes, and that almost every home is either in foreclosure, or has already been foreclosed upon by the victim lender."

Contact reporter Carri Geer Thevenot at cgeer@reviewjournal.com or 702-384-8710.

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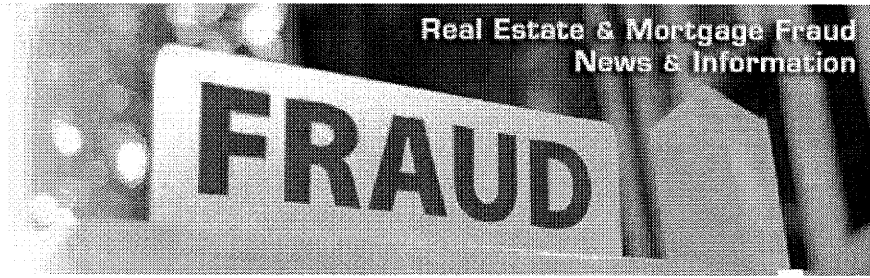
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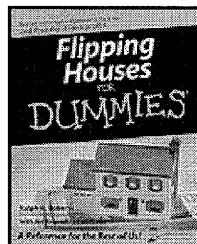


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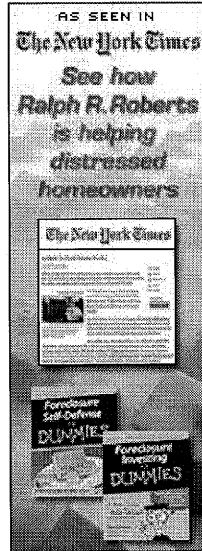
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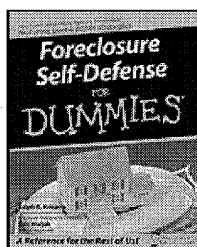
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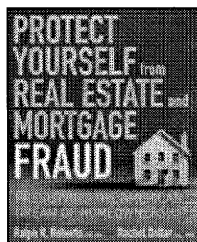
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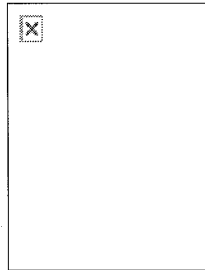


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August 6, 2010

Las Vegas home builder indicted in mortgage fraud case

July 29—A Las Vegas home builder was indicted Wednesday after federal authorities accused him of arranging to sell his houses at inflated prices as part of a scheme to “kick back” money from mortgage loans to buyers and their associates.

Paul Wagner, owner of Wagner Homes, was one of 123 defendants who were charged, convicted or sentenced in Las Vegas during Operation Stolen Dreams. The nationwide initiative, which began March 1, was a collective enforcement effort aimed at confronting mortgage fraud.

Wagner was the only builder who was prosecuted in Las Vegas as part of Operation Stolen Dreams.

Natalie Collins, a spokeswoman for the U.S. attorney’s office, said Wagner previously was charged in a criminal complaint with one count of conspiracy. The federal indictment replaces the complaint.

The indictment charges Wagner with conspiracy, six counts of bank fraud and three counts of wire fraud. Collins said prosecutors also are seeking the forfeiture of \$2.7 million.

A summons was issued for Wagner, who is free on his own recognizance. He is scheduled to appear for an arraignment on Aug. 13 before U.S. Magistrate Judge George Foley Jr.

Wagner’s attorney, John Momot Jr., could not be reached for comment Wednesday.

According to the indictment, Wagner conspired to commit bank fraud and wire fraud from about 2007 to about 2009.

“It was part of the conspiracy that the defendant, a home builder, arranged to sell his houses at inflated prices in order to fraudulently kick back large amounts of money from the mortgage loan to the buyers and those working with the buyers as incentives for them to buy houses,” the indictment alleges.

The conspiracy involved nine Las Vegas houses, according to the document.

Michael Rawlins, a special agent with the FBI, participated in the investigation of Wagner and prepared an affidavit for the criminal complaint. Rawlins wrote the following in his affidavit:

“The investigation has disclosed that from 2005 to 2009 Wagner sold more than 100 homes, and that almost every home is either in foreclosure, or has already been foreclosed upon by the victim lender.”

By Carri Geer Thevenot

Posted By: Ralph Roberts @ 1:25 am | [Comments \(0\)](#) | [Trackback](#) |

Filed under: [Home Builder Contractor](#), [Kickbacks](#), [Las Vegas](#), [Mortgage Fraud Scheme](#), [Nevada](#), [Operation Stolen Dreams](#), [Wagner Homes](#)

July 14, 2010

Former Las Vegas Resident Pleads Guilty to Committing Mortgage Fraud in Nevada

LAS VEGAS—A former Las Vegas resident has pleaded guilty to conspiracy for his involvement in a Nevada mortgage fraud scheme involving straw buyers and falsified mortgage loan documents, announced Daniel G. Bogden, United States Attorney for the District of Nevada.

Brian K. Jackson, 38, currently of Anaheim, California, pleaded guilty on Friday, July 9, 2010, before U.S. District Judge James C. Mahan to conspiracy to commit mail fraud, wire fraud, and bank fraud and is scheduled for sentencing on October 8, 2010, at 10:00 a.m. Jackson was indicted by the Federal Grand Jury in Las Vegas on October 21, 2009. He faces up to 30 years in prison and a \$1,000,000 fine.

From about 2002 to May 14, 2008, Jackson, owner of Unlimited Properties, a now-revoked Nevada limited liability corporation, participated in a conspiracy to submit mortgage loan applications to financial institutions to finance straw buyer real estate purchases in Nevada. Jackson recruited and caused to be recruited straw buyers to purchase properties on behalf of the members of the conspiracy. The loans were processed through Sapphire Mortgage, located in Henderson, Nevada. Jackson caused false and fraudulent information to be placed in the straw buyers' mortgage loan applications concerning their employment, income, assets, intent to occupy property, etc. Jackson caused the same home to be purchased multiple times by different straw buyers at ever increasing prices, and caused the "equity" to be diverted to himself or his company. Jackson also placed renters in the properties and caused the mortgages to default.

The plea agreement states that Jackson caused fraudulent loan applications to be sent to financial institutions to fund mortgage loans for the purchase of a home at 2061 Scenic Sunrise Drive in Las Vegas. Between March 2002 and late 2004, Jackson twice orchestrated the sale of the property using two straw buyers and the placement of false information in their loan applications. In June 2004, Jackson also orchestrated the sale of the Scenic Sunrise property to himself, and falsely stated in his loan application that he intended to reside in the property when he knew he did not. During this period, Jackson also leased the Scenic Sunrise property to another individual and accepted money from the individual as guarantee that he would purchase it in the future, even though Jackson knew that the property at the time was owned by the first straw buyer and was in the process of being sold to the second straw buyer. As a result of the fraud, the financial institutions suffered a loss of approximately \$111,103.

In May 2008, the owner of Sapphire Mortgage, Cindy Birkland, was arrested and charged in state court in Las Vegas with mortgage fraud related offenses.

This investigation is being led by IRS Criminal Investigation and the FBI, and other agencies of the Southern Nevada Mortgage Fraud Task Force, including the Las Vegas Metropolitan Police Department, Office of the Inspector General for the Social Security Administration, Office of the Inspector General for the Department of Housing and Urban Development, the U.S. Postal Inspection Service, and the U.S. Secret Service. The case is being prosecuted by Assistant United States Attorney Brian Pugh.

Persons who have information concerning potential mortgage fraud may contact the Southern Nevada Mortgage Fraud Hotline at (702) 584-5555.

Posted By: Ralph Roberts @ 12:13 am | [Comments \(0\)](#) | [Trackback](#) |

Filed under: [Mortgage Fraud Scheme](#), [Nevada](#), [Sapphire Mortgage](#), [Southern Nevada Mortgage Fraud Task Force](#), [Straw Buyer](#), [Unlimited Properties](#)

February 22, 2010

Indictments Announced in Mortgage Rescue Scam

Nevada Attorney General Catherine Cortez Masto has announced the indictment of Jeffery Tye Brown, 50, of Henderson, on charges of four felony counts of theft and one felony count of forgery in connection with the operation of DB Financial Services, a foreclosure rescue business located in Henderson.

The State alleges Brown misled customers into believing that, for a fee, he would guarantee resolution of a victim's pending mortgage foreclosure.

"My mortgage fraud task force is aggressively prosecuting loan modification scams," said Masto. "Scammers should know we will use all our resources to extradite, indict and convict you if you attempt to perpetrate these schemes upon Nevada's consumers."

The indictment alleges that between December 2007 and February 2008, Brown contacted victims whose homes were going into foreclosure and obtained advance payments of \$999 for foreclosure rescue services that he never performed.

He failed to give refunds despite promising refunds in his contracts and advertising. He also allegedly

forged documents to the Mortgage Lending Division to cover up the criminal activity.

Shortly after execution of a search warrant on the DB Financial offices in 2008 by the Attorney General's mortgage fraud task force, Brown fled the country.

He has been extradited back to the U.S. from the Philippines, where he was in hiding to evade authorities.

A District Court arraignment has been scheduled for Feb. 25 in the Lower Level Arraignment Court of the Las Vegas District Court.

The indictment is not a determination of guilt or innocence but is just a finding of probable cause that a crime was committed. The Defendant is presumed innocent until proven guilty.

Anyone who has information regarding this case should contact the Attorney General's Office at 702-486-3777 in Las Vegas or 775-684-1180 in Carson City.

Posted By: Ralph Roberts @ 10:09 pm | [Comments \(0\)](#) | [Trackback](#) |
Filed under: [Mortgage Fraud Scheme](#), [Nevada](#)

August 14, 2008

Mortgage Fraud Statistics

According to the Federal Bureau of Investigation (FBI), which earlier today issued yet another Mortgage Fraud Advisory, here are the latest Real Estate Fraud statistics:

- **Estimated Annual Losses:** \$4 billion to \$6 billion
- **Total Mortgage Fraud Suspicious Activity Reports in Fiscal Year 2007:** 46,717, with \$813 million in losses
- **Total FBI Mortgage Fraud Task Forces/Working Groups** (June 2008): 42
- **Pending FBI Mortgage Fraud Investigations** (May 2008): 1,380
- **Cases opened in Fiscal Year 2007:** 462 (compared to 295 in Fiscal Year 2003)
- **Successes in Fiscal Year 2007:** 321 indictments/informations; 260 convictions
- **States with Significant Mortgage Fraud problems in 2008:**
 1. Florida
 2. Nevada
 3. Michigan
 4. California
 5. Utah
 6. Georgia
 7. Virginia
 8. Illinois
 9. New York
 10. Minnesota

Posted By: Ralph Roberts @ 11:55 pm | [Comments \(2\)](#) | [Trackback](#) |
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July 15, 2008

Real Estate Industry Professionals Plead Guilty In Nevada Mortgage Fraud Case

Five people—including a licensed real estate broker, a mortgage loan processor, and a licensed mortgage agent—have been charged and entered guilty pleas in a Las Vegas mortgage fraud scheme that federal government say caused over \$17 million in losses to federally-insured banks. As previously reported here on FlippingFrenzy.com, **Eve Mazzarella**, a Las Vegas REALTOR® who ironically was named by *REALTOR® Magazine* in 2007 to its “Top 30 Under 30” list, her husband—**Steven Grimm**—and four other loan officers and mortgage brokers are currently awaiting trial on federal conspiracy and fraud charges for their alleged role in the scheme, which involved straw buyers, fraudulent mortgage loan applications, and shell companies.

- **Daicy Vargas**, 23, of Las Vegas, pleaded guilty to one count of misprision of a felony, admitting that from about November 2005 to 2007, she assisted Steven Grimm in the diversion of the illicit proceeds of the fraud and failing to report the fraud as soon as possible to appropriate authorities.
- **Benjamin Labee**, 27, a mortgage loan processor, and his wife, **Shauna Labee**, a.k.a. **Shauna Dyphibane**, a licensed mortgage agent in Nevada, both of Salt Lake City, Utah, pleaded guilty to one count of conspiracy.
- The Labees admitted that from about April 1 to December 31, 2006, they conspired with Steven Grimm to recruit straw buyers to pose as property purchasers and that they placed false information in loan applications which allowed straw buyers to qualify for loans for which they would not have otherwise qualified.
- **Craig Christians**, 39, a licensed Nevada real estate broker in Las Vegas, pleaded guilty to one count of misprision of a felony. Christians admitted that from about January 1, 2006, to March 12, 2008, he allowed his company, **Western Pacific Funding**, to be used as a conduit for the fraud.
- **Robert Samora**, 41, of Las Vegas and a licensed Nevada mortgage agent, pleaded guilty to one count of money laundering. Samora admitted that from about 2006 to 2007, he assisted Grimm by diverting illicit proceeds of the mortgage fraud scheme, namely loan officer commissions, to Grimm.

Led by **Steven Grimm** and **Eve Mazzarella**, the scheme allegedly included an astonishing 432 straw buyer transactions involving more than 225 properties with a total purchase price of over \$107 million. Grimm and Mazzarella defaulted on mortgage payments on many of the loans which not surprisingly caused the properties to go into foreclosure. At least 143 of the approximately 225 properties purchased by the defendants are in default causing losses to the banks estimated at more than \$17 million.

Posted By: Ralph Roberts @ 10:48 pm | [Comments \(0\)](#) | [Trackback](#) |
 Filed under: [Mortgage Fraud](#), [Nevada](#), [Real Estate Fraud](#)

June 14, 2008

May 2008 Foreclosure Statistics

More Americans are facing foreclosure than at any other time in recent memory. According to the May 2008 U.S. Foreclosure Market Report™ from **RealtyTrac**, foreclosure filings (i.e., default notices, auction sale notices, and bank repossessions), were reported on 261,255 properties during the month of May, which translates into a 7% increase over April and a 48% increase from May 2007. The report also shows one (1) in every 483 U.S. households received a foreclosure filing during the month of May, the highest monthly foreclosure rate since RealtyTrac began issuing its report in 2005.

Nevada, California, and Arizona post top state foreclosure rates

With one in every 118 households receiving a foreclosure filing in May, **Nevada** posted the highest state foreclosure rate for the 17th consecutive month. Foreclosure filings were reported on a total of 9,009 Nevada properties, an

increase of nearly 24% from the previous month and a 72% increase from May 2007.

California's foreclosure activity in May increased 11% from the previous month and 81% from May 2007, helping the state continue to register the nation's second highest state foreclosure rate. One (1) in every 183 California households received a foreclosure filing during the month of May, a rate that was 2.6 times the national average.

Arizona's May foreclosure rate — 1 in every 201 households received a foreclosure filing during the month — ranked third highest in the U.S. for the second month in a row. Arizona's foreclosure activity increased nearly 12% from the previous month and almost 119% from May 2007.

One in every 228 **Florida** households received a foreclosure filing in May, giving it the fourth highest foreclosure rate in the country. Michigan foreclosure activity in May increased nearly 25% from the previous month, helping the state's foreclosure rate to jump to fifth highest in the country after ranking No. 9 the previous month. One in every 353 Michigan households received a foreclosure filing in May.

Other states with foreclosure rates ranking among the top 10 for the month of May were **Georgia, Colorado, Massachusetts, Ohio** and **New Jersey**.

Detailed state-by-state data is available [here](#).

For the second month in a row, **California** and **Florida** cities accounted for nine out of the **top 10 metropolitan foreclosure rates** among the 230 metropolitan areas tracked in the report. Seven cities in California were in the top 10, led by Stockton in the top spot. **One in every 75 Stockton area households received a foreclosure filing in May**— more than six times the national average. Other California cities in the top 10 were Merced at No. 3, Modesto at No. 4, Riverside-San Bernardino at No. 5, Vallejo-Fairfield at No. 7, Bakersfield at No. 8, and Sacramento at No. 9.

The **Cape Coral-Fort Myers metro area** in Florida registered the second highest metro foreclosure rate in May, with one in every 79 households receiving a foreclosure filing during the month. The other Florida metro area in the top 10 was Port Lucie-Fort Pierce at No. 10.

Las Vegas was the only city outside of California and Florida with a foreclosure rate ranking among the top 10. **One in every 96 Las Vegas households received a foreclosure filing in May**, more than five times the national average and No. 6 among the metro areas.

Metro areas with foreclosure rates among the top 20 included **Phoenix** at No. 12, **Detroit** at No. 14, **San Diego** at No. 17 and **Miami** at No. 19.

Next up: Speculation about when the slide will end / have we seen the worst of the worst. Weighing in on the topic is **Joe G. Henry** of Long & Foster-affiliated W.C & A.N Miller Realtors in Virginia (comment found on [ForeclosurePulse](#)):

Defendable recovery will be 2011 due to the highest volume of ARM resets occurring in June 2008 and the typical foreclosure process lasts 12 months from Notice of Default, Notice of Trustee Sale, Foreclosure Auction, then seasoning to a Bank Owned (REO) — plus a 15-18 month housing inventory. Moreover, for every one bank-owned listing in Fairfax County, we have three short sales, which 80 percent of these will actually be foreclosed. There are three crisis response talking points concerning this scenario: (1) added liquidity; (2) mark down distressed assets; and (3) act now.

What's your take? Do you agree with Joe G. Henry or do you have a theory of your own?

Posted By: Ralph Roberts @ 5:15 pm | [Comments \(4\)](#) | [Trackback](#) |

Filed under: [Arizona](#), [California](#), [Florida](#), [Foreclosure](#), [Georgia](#), [Massachusetts](#), [Michigan](#), [Nevada](#), [New Jersey](#), [Ohio](#), [Texas](#), [Uncategorized](#)

June 12, 2008